



**CalPERS Diversity Outreach Program**

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September 16, 2008

**AGENDA ITEM 12**

**TO: MEMBERS OF THE FINANCE COMMITTEE**

**I. SUBJECT:** Small Business and Disabled Veteran Business  
Enterprise Contract Participation, Fiscal Year 2007-08  
Annual Report

**II. PROGRAM:** CalPERS Diversity Outreach Program

**III. CURRENT REPORTING PROCEDURE:**

CalPERS currently reports its Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) contract participation levels to the Department of General Services which in turn reports to the Legislature and the Governor. As a result, this agenda item is for informational purposes only and does not require any action.

**IV. ANALYSIS:**

**A. Disabled Veteran Business Enterprise Contract Participation**

In 1990, the Board of Administration adopted the provisions of Public Contract Code (PCC) sections 10115, et seq., and accordingly established an annual DVBE contract participation goal of not less than 3 percent.

During Fiscal Year (FY) 2007-08, CalPERS achieved a total DVBE participation rate of 2.07 percent. CalPERS DVBE participation rates are typically compromised by the size and nature of contracts unique to CalPERS, which include a significant representation from Investments and Health and are not conducive to consistent DVBE participation. These contracts accounted for nearly two-thirds of CalPERS total FY 2007-08 contracting and procurement expenses (\$212 million of \$365 million).

Highlights for FY 2007-08 DVBE participation include:

- 2.07 percent for all contracting activity (combined volume of all goods, services, and construction activity);
- 1.85 percent for the procurement of non-IT goods;
- 5.67 percent for the procurement of IT goods and services; and
- 1.04 percent for the procurement of non-IT services.

## **B. Certified Small Business Contract Participation**

In addition to its DVBE contract participation goal of 3 percent, CalPERS has a contract participation goal of 25 percent for certified SBs as encouraged by Governor Schwarzenegger's Executive Order S-02-06.

During FY 2007-08, CalPERS achieved an overall SB participation level of 11.71 percent. CalPERS SB participation rates are typically compromised by the size and nature of contracts unique to CalPERS, which include a significant representation from Investments and Health, and are not conducive to consistent SB participation. Investment and Health contracts accounted for nearly two-thirds of CalPERS total FY 2007-08 contracting and procurement expenses (\$212 million of \$365 million).

Highlights for FY 2007-08 SB participation include:

- 11.71 percent for all contracting activity (combined volume of all goods, services, and construction activity);
- 21.36 percent for the procurement of non-IT goods;
- 40.16 percent for the procurement of IT goods and services; and
- 3.18 percent for the procurement of non-IT services.

## **V. REPORTING CRITERIA**

The DVBE and SB data reflects participation levels using CalPERS Board of Administration reporting criteria, which includes the FY 2007-08 portion of multi-year contracts that were in force during the reporting period, but were not executed in the same period. This differs from DGS reporting criteria, which asks for "the total value, in whole dollar amounts, of all contracts with any non-governmental entity, issued or charged during the reporting period, for each category..."

Members of the Finance Committee  
September 16, 2008

**VI. STRATEGIC PLAN:**

This agenda item is in alignment with CalPERS Strategic Plan Goal 2,  
Objective 2.8

**VII. RESULTS/COSTS:**

This agenda item describes the SB and DVBE contract participation for  
FY 2007-08 and will not result in any costs.

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Program Liaison

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Diversity/EEO Officer of Internal Operations

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Gloria Moore Andrews  
Deputy Executive Officer - Operations

Attachments